

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: JOSEPH HORWEDEL

**SUBJECT: EVERGREEN•EAST HILLS
VISION STRATEGY
STATUS REPORT**

DATE: September 1, 2006

Approved: _____

Date: _____

9/6/06

COUNCIL DISTRICT: 5, 7 & 8

SNI AREA: West Evergreen,
KONA, and
East Valley/680

RECOMMENDATION

Planning staff recommends that the City Council accept the Evergreen•East Hills Vision Strategy (EEHVS) status report and revised work plan.

OUTCOME

City Council acceptance of the status report acknowledges the revised work plan, and the hard work of the Task Force and the community on complex land use, transportation, and quality of life issues. The work of the Task Force is expected to be completed in Fall 2006 with Council consideration of the Evergreen•East Hills Vision Strategy items before the end of calendar year 2006.

EXECUTIVE SUMMARY

The purpose of the status report for the Evergreen•East Hills Vision Strategy (EEHVS) is to inform the Council of the Task Force's work and the current work plan.

BACKGROUND

In 2003 several Evergreen area property owners/developers agreed to fund a cooperative, comprehensive land use and transportation planning effort rather than pursue individual General Plan amendments and modification to the Evergreen Development Policy in a piecemeal fashion. The property owners/developers represent the properties known as Arcadia, Pleasant Hills Golf Course,

Campus Industrial and Evergreen Valley College (see map contained in Attachment 1). The property owners and/or developers also offered to finance transportation improvements (including upgrades to Highway 101 at Tully, Capitol, and Yerba Buena) and community amenities in addition to the typical requirements of development (such as fees, taxes, environmental mitigations, etc.).

The planning process began in August 2003 with the formation of a task force composed of neighborhood association leaders, Strong Neighborhood Initiative Neighborhood Advisory Committee representatives, Knight Charrette participants, business and professional representatives, school board members and administrators, and other stakeholders under the leadership of Councilmember David Cortese. The project was initially called the Evergreen Smart Growth Strategy or Evergreen Visioning Project. The original task force adopted a set of Guiding Principles based upon an intent to create a community-based plan that balances new housing and non-residential development in infill locations with the construction of transportation improvements and community amenities (i.e., a “three legged stool”). This unique balancing act is intended to improve the overall quality of life in and around Evergreen.

In June 2005, under City Council direction, the original task force was reconfigured to have broader community representation, resulting in the current Task Force membership. At that time the Council also adopted ten Vision and Outcome statements to guide the planning effort (see Attachment 2). The Guiding Principles of the original Task Force are part of the Outcome statements. A work plan was adopted anticipating completion of EEHVS in June 2006. Given the complexity of the issues before the Task Force, this memorandum explains the current status of EEHVS and presents a revised work plan for Council acceptance.

ANALYSIS

EEHVS Task Force Status Report

The Task Force has met twelve times since its reformation in August 2005, including Saturday workshops. Members of the general public have also been engaged in the project through participation at the Task Force meetings, several community outreach meetings, and direct communication with city staff. A website serves as a virtual library of all materials associated with the effort, including a link to provide direct input to the process. The community is working with the developers to balance the interests of the developers to build thousands of new homes with the need to maintain appropriate traffic service levels, provide new transportation infrastructure and create opportunities for the construction of new community facilities or amenities financed by development activity.

The EEHVS project sets forth a vision for a complex balance of new development and improvements with a focus on the quality of life for residents in the greater Evergreen area. This vision is fully articulated in the aforementioned ten Vision and Expected Outcomes. Generally, the Task Force discussion has focused on four major key policy and quality of life issues: **amount of new development, affordable housing, schools, and economic development/job retention**. The Task Force has not yet come to a specific recommendation on any of these items.

At its June 19th meeting, the EEHVS Task Force requested staff to clarify a statement in the information memorandum to City Council, dated April 27, 2006. The memorandum stated that a “tentative agreement” was made by the Task Force regarding consensus on items related to quality of life issues, industrial land conversion, amount of retail space, percentage of affordable housing, schools, and the amenities package. Staff apologized that the tentative nature of the Task Force discussions was not emphasized as thoroughly as it should have been in the Information Memorandum. Staff also clarified that discussion on the above items was neither a “recommendation” nor an agreement/endorsement by the Task Force. Additional work and discussion is needed on each of the items prior to forwarding a recommendation to the City Council. It is anticipated that more than one recommendation will come from the Task Force in order to fully represent the varying concerns and interests of its members.

Amount of New Development

The appropriate or acceptable amount of new development, with particular focus on the total number of new residential units, has been perhaps the most contentious topic that the Task Force has been grappling with over the past several months. Many of the community members and Task Force members would prefer to see no development occur at all, while others have stated that they recognize the potential to develop and want to ensure additional development is balanced with “quality of life” improvements through the EEHVS process.

Representatives of the Property Owner group maintain that approval of at least 5,200 new residential units for the four Opportunity Sites is necessary in order for them to deliver the package of transportation and amenity projects tentatively identified during the Evergreen Vision Project process and that they are unsure of the viability of any proposal with fewer units. Some Task Force members state that a lower amount, such as 2,800 units or 3,400 units may be appropriate while others continue to question the need to make any changes to the current policies which would allow only a few hundred new units.

This discussion focuses both on the total amount of development within the project area and also the appropriate amount for each Opportunity Site. As an example, Task Force representatives and community members concerned with the Pleasant Hills Golf Course site have stated that their primary preference is to have no development occur on the site and to preserve the area as either public or private open space. However, should development be approved on the site, many neighborhood representatives have requested that 40% to 60% of the site be preserved as open space.

At various Task Force and community meetings, community members have suggested various ranges of development that might be acceptable. The most recent Task Force meetings have attempted to identify a “low” and “high” range of possible housing units for each site (see table below). The developers have stated that all of the opportunity sites must have some amount of housing in order to deliver the transportation and amenity improvements.

PROJECT SITE	Low Range	Mid Range	High Range
Arcadia	1,000 units	1,500 units	1,875 units
Pleasant Hills Golf Course	0 units	600 units	750 units
Evergreen Valley College	0 units	300 units	500 units
Campus Industrial (IDS/Legacy/Berg)	0 units	900 units	1,950 units
“Pool ¹ Units”	300 units	400 units	500 units
Total	1,600 units	3,700 units	5,575 units

¹“Pool units” refer to the additional units that could be built on other parcels throughout the study area subject to the new Evergreen traffic policy (known as the Evergreen Development Policy).

Affordable Housing

Affordable housing is also a key topic that the Task Force has considered. The Arcadia site is the only opportunity site located in a Redevelopment project area and is required by existing City policy to develop 20% of all new residential units as affordable units. Representatives from the Evergreen Valley College site have states that they intend to incorporate up to 60% of the units as affordable (rental), marketing the housing for teachers, fire fighters and police officers, although it has not been fully articulated if these units will meet the City’s affordability definition. Representatives for the Pleasant Hills Golf Course site and the Industrial sites are not proposing to develop any affordable units as part of their current proposals. Task Force discussions have included the possibility of either requiring a minimum of 20% affordable housing production for all of the opportunity sites, or 20% on the Industrial and Arcadia sites or Golf Course and Arcadia sites, or requiring 20% on the Arcadia site alone (redevelopment area). As a result of these scenarios, between 11% and 20% of the new units could be affordable.

Staff introduced the EEHVS effort to the Housing Advisory Commission (HAC) at their August meeting. Planning staff will forward input from the HAC to the Task Force in September. The HAC is tentatively expected to discuss the Task Force’s recommendations at their October meeting.

Schools

The project area encompasses three school districts that include the Mount Pleasant School District, the Evergreen Elementary School District, and the East Side Union High School District. According to the Guiding Principles, schools are considered a basic need and not an amenity. For this reason, a clear resolution of school needs and a commitment of land to meet these needs is a key requirement for many Task Force and community members.

Due to the amount of new housing proposed, the property owner group has agreed to accommodate construction of three new K-4/K-6/K-8 schools as part of their proposal by identifying possible school sites on their conceptual site plans. The property owner group and their consultants are engaged in ongoing discussion with the schools district regarding the most suitable size and location of these elementary school sites.

A significant number of community and Task Force members are also very interested in identifying a site for a new high school in the southeast Evergreen area. As a result, the Industrial Opportunity Site

has been discussed as the possible location for a new high school. The Eastside Union High School District School Board has also issued a memorandum identifying a long-term need for a new high school in the southeast portion of their district. The property owner group has indicated that providing the 40-50 acres necessary for a high school from the Campus Industrial Opportunity Site is incompatible with their development plans.

Economic Development

Economic development also continues to be a topic of interest to the Task Force with varying viewpoints expressed by Task Force members. This topic includes two somewhat related areas of discussion: the preservation of land for industrial jobs and planning the appropriate amounts and locations for new retail and professional offices within the Evergreen area.

The only identified opportunity for the retention of industrial lands and future job growth potential is the reservation of a portion or all of the current Campus Industrial Opportunity Site for future industrial use. Scenarios under discussion by the Task Force include the elimination of all industrial use from the Campus Industrial Opportunity Site (as proposed by the property owner group and supported by some community members), preservation of a 50 acre or 120 acre portion of the site with the possibility of allowing for an intensification of jobs on that site, or retention of the entire 320 acres of the site for industrial use. The Campus Industrial Opportunity Site is currently designated as Campus Industrial in the General Plan, with an approved entitlement for industrial development at approximately a 0.33 FAR. Intensification of up to a 0.70 FAR may be possible, but would change the character of the site from the current rural/campus setting to a mid-rise office (e.g. 4 to 8 story buildings with structured parking) environment. One of the future selling points of the Campus Industrial land for industrial development is its unique character in a more rural setting.

At the June 19, 2006 Task Force Meeting, staff framed issues related to economic development. Staff brought forward concerns regarding the potential loss of significant amounts of industrial land needed for future job and revenue growth for the City. Since April of 2004, a total of 755 acres of industrial land have been converted to non-industrial uses, primarily residential. Approximately 400 additional acres (including the EEHVS project) are currently under review to be converted via pending General Plan applications on file. Converting the pending 400 acres of industrial land would amount to the conversion of roughly 10% of the City's industrial land base in a 2 year time period. Industrial development adds revenue to the general fund, which pays for vital services such as public safety, recreation, etc.

The Task Force is also discussing the appropriate amount and location for new retail development within the EEHVS area. Scenarios under discussion generally include between 200,000 square feet and 500,000 square feet of new retail capacity. As proposed by the property owner group, two of the Opportunity Sites would include retail or commercial office development. Specifically, the developers are requesting to entitle up to 100,000 square feet of retail on the Arcadia Opportunity Site and 195,000 square feet of retail and commercial office on the Evergreen Valley Community College Opportunity Site.

City staff and consultants have concluded that local-serving retail development within the greater Evergreen area will help reduce the overall traffic levels by reducing the need to travel longer distances to make use commercial services. An analysis of retail demand conducted by a consultant

to the City found sufficient demand to support up to 500,000 square feet of new retail development and identified specific types of retail needed, such as “white table cloth” restaurants. This supports the anecdotal experience of several Task Force members who have commented on the lack of local restaurants and the weekend traffic associated with Evergreen residents traveling to other locations (e.g., Willow Glen or Santana Row) because of a lack of similar venues locally. The Task Force has also discussed how developing the full 500,000 square feet amount of retail will provide the most fiscal benefit to the City, helping to enable the long-term funding of City services and somewhat offsetting the job loss from the proposed industrial conversion. City staff specifically has recommended that the Arcadia site be considered for up to 300,000 square feet of retail.

Some Task Force members have argued that a large amount of new commercial development would have an overall negative impact upon traffic conditions and so prefer a lesser amount of retail capacity of between 200,000 and 300,000 square feet. Some Task Force members have also stated concern over the proposed grocery store on the Evergreen Valley Community College site. Several members of the public, including representatives of the existing grocery stores within Evergreen have expressed strong opposition to the development of a new grocery store.

Task Force Membership

Since the Council appointed the new Task Force in June 2005, Council has approved several changes to maintain representation across varying interests. One of the Task Force members, Bob Levy, was intended to represent the Planning Commission; however, his tenure as a Planning Commissioner ended on July 1, 2006. He has been an active member of the Task Force, bringing forward views based on his experience as a Commissioner but also as an active member of the environmental community.

On June 19, 2006, the Task Force accepted a letter from Task Force member Jim Zito which encouraged and recommended that Mr. Levy remain on the EEHVS Task Force despite his discontinued role as a Planning Commissioner. It was recognized that Mr. Levy is making a valuable contribution to the Task Force process. Mr. Levy is a member of the Sierra Club, is the founder and member of the California League of Santa Clara County Conservation Voters, and is well known in the community for representing environmental interests around the county. For these reasons, Bob Levy should remain on the Task Force to continue his participation as an individual community member with a strong land use planning aptitude and environmental interest.

Work Plan and Work Products

In order to conclude the analysis for and discussion by the Task Force, staff has revised the project work plan (see Attachment 3). The revised work plan was presented to the Task Force at their August meeting. The Task Force is expected to conclude in September 2006 with recommendations to the City Council in December 2006. Work products coming to the Task Force and the City Council include a revised Draft Evergreen Development Policy, General Plan Amendments, and a Financing Agreement.

The Financing Agreement is the mechanism that will layout in detail how the property owners/developers will provide funding for the transportation improvements and community

amenities. The specific vehicle as to how monies would be collected is still under review; however, it is anticipated that funding may be provided through payments made according to a phasing schedule for the project or some other mechanism that will enable construction of the transportation and amenity projects to commence concurrent with the construction of new residential units.

Staff is working with the property owners and developers to identify the best mechanism for funding of the transportation improvements and community amenities prior to the issuance of permits for new development. The developers of the Opportunity Sites would be obligated to provide funding for a majority of the transportation improvements and amenities concurrently with their receipt of entitlements according to a proposed Phasing schedule. The developers of other properties in the EEHVS Policy will also be required to contribute toward the transportation improvements and amenities. The precise terms of this funding obligation would be set forth in a separate legal Funding Agreement document. The City Attorney's Office is coordinating with the property owners and developers on the preparation of a proposed Funding Agreement, which will need be signed by all parties prior to approval of the project and recorded against the property of all property owners to bind their successors in interest.

The majority of the transportation improvements and amenities included within the plan area would be financed through fees collected from the developers of the Opportunity Sites prior to the issuance of entitlements for new development on those sites. Property developers may request to establish a Community Facilities District (CFD) as a financing mechanism, but funding for each phase would be required in advance of any entitlements for development.

Conclusion

City staff and the Task Force continue to work on the development of a community plan that balances competing needs and interests. City staff and the Task Force are committed to continue addressing citywide issues such as the jobs, city revenue generation, and retail/quality of life options for existing and future residents in the Evergreen area. Given the wide range of issues and viewpoints under discussion, it is anticipated that several recommendations will be forwarded from the Task Force to the City Council in December of this year along with proposed drafts of the Evergreen Development Policy and other policy documents.

POLICY ALTERNATIVES

The EEHVS touches on several City of San Jose General Plan policies. These policies include: community and neighborhood identity policies; balanced community policies; urban design policies; level of service policies (transportation and community service); recreational resources policies; and economic development policies. Due to the large number of citywide policies that should be considered in review of the proposed EEHVS process the City Council may consider the following process alternative.

Alternative #1: Extend the Task Force work beyond December 2006.

Pros: More time for Task Force discussion; more time to negotiate Financial Agreement with property owners.

Cons: Unsure if more time would resolve issues facing the Task Force (e.g., a high school site).

Reason for not recommending: Planning management capacity after December is limited due to start of phase 1 of the General Plan update. Additional resources and renegotiation of funding agreement with developers would be required if the EEHVS extends past December.

PUBLIC OUTREACH/INTEREST

- ☐ **Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ✓ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

As described in the memorandum, the Evergreen•East Hills Vision Strategy process involves extensive community outreach through open community task force meetings, community meetings and ultimately hearings before the Planning Commission and City Council. This project goes beyond the requirements of Council Policy 6-30: Public Outreach for Pending Land Use and Development Proposals.

COORDINATION

As part of the EEHVS project, Planning staff works closely with representatives of the Public Works, Transportation, Finance and Parks, Recreation and Neighborhood Services departments, along with the Office of Economic Development, the Redevelopment Agency and the City Attorney's Office. The preparation of this memorandum was coordinated with the City Attorney's Office.

FISCAL/POLICY ALIGNMENT

This project is consistent with the City Council approved Mayor's Budget Strategy memorandum in 2003 setting forth specific guidance to control costs. With respect to long range planning, the direction was "to defer or suspend advance land use planning efforts without outside funding." Per this Council direction, Yerba Buena Opco, Inc. (a set of self-selected Evergreen property owners) are financing the staff and consultant costs associated with the Evergreen•East Hills Vision Strategy, including the preparation of the Evergreen Development Policy update, the Environmental Impact Report, and other associated products. This status report has no additional cost implications to the City.

Ultimately, the EEHVS must be consistent with and contribute to the implementation of the Major Strategies of the San Jose 2020 General Plan. The Major Strategies relevant to EEHVS include Economic Development, Urban Conservation/Preservation, Housing, Growth Management, Greenbelt/Urban Growth Boundary, and Sustainable City. As such, these Strategies are one set of

criteria being used by the Task Force and staff in the evaluation of land use alternatives and other facets of EEHVS.

COST SUMMARY/IMPLICATIONS

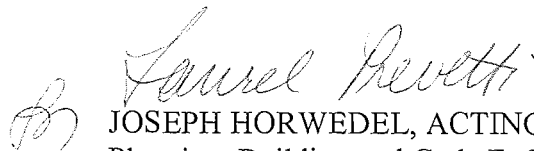
Not applicable.

BUDGET REFERENCE

Not applicable.

CEQA

The acceptance of this status report does not constitute a “project” as defined by the California Environmental Quality Act (CEQA), Article 20 Section 15378. Therefore, no CEQA action is required.


JOSEPH HORWEDEL, ACTING DIRECTOR
Planning, Building and Code Enforcement

For questions please contact Laurel Prevetti at 408-535-7901.

Attachments:

1. Map
2. EEHVS Vision and Expected Outcomes
3. Revised Work Plan